



June 29, 2016

Via CFTC Submissions Portal

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

RE: Notice of Emergency Action: Nadex Widens the Acceptable Bid/Ask Spread Used in Settlement Calculation on June 23, 2016 - Submission Pursuant to Commission Regulation §40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and section §40.6(a) of the regulations promulgated by the Commodity Futures Trading Commission (the “Commission”) under the Act (the “Regulations”), North American Derivatives Exchange, Inc. (“Nadex”, the “Exchange”) hereby submits to the Commission this notice of emergency action.

On Thursday, June 23, 2016, as a result of the UK EU Membership Referendum (“Brexit”), the underlying markets upon which the Nadex foreign currency contracts are based experienced greater than usual volatility.

The process Nadex uses to calculate the expiration value for its foreign currency contracts is as follows: The last ten midpoint prices in the corresponding underlying market, ten pips wide or less, just prior to the expiration of the Nadex contract are collected. The highest and lowest three midpoint prices are removed. The remaining four midpoints are averaged and rounded to one decimal point past the point of precision of the underlying market. Due to volatility in the underlying markets, on trade dates June 23 and 24, the time it took to collect 10 bid/ask spreads ten pips wide or less for certain contracts exceeded the exchange set cut-off time to gather the data set. Rather than collect data for use in settlement that was several minutes old, and thus may not have produced the most accurate

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representation of the market, Nadex widened the acceptable bid/ask spread used during the settlement calculation process for certain currency contracts. Specific contracts for which a widened acceptable spread was used are set forth in the accompanying Emergency Action Form. A total of forty-four positions were held until expiration in the contracts that were settled with a widened bid/ask spread.

All settlements in the foreign currency contracts that occurred after 12:00am ET on June 24, 2016 returned to the regular ten pip wide or less spread requirement.

Nadex also widened the acceptable bid/ask spread used in the collection of data for expiration value calculation in the GBP/USD 5-Minute Binary contracts expiring on trade date June 29, 2016 at 6:10pm ET, to 15 ticks wide or less.

Due to the urgency of action needed to settle the open positions with an accurate expiration value, emergency action approved by members of the Nadex Management Team was necessary.

No substantive opposing views were expressed to Nadex with respect to this emergency action.

This emergency action is authorized by the Chief Executive Officer and the Chief Regulatory Officer of Nadex per Nadex Rule 2.4.

Nadex hereby certifies that the revisions or amendments contained herein comply with the Act, as amended, and the Commission Regulations adopted thereunder.

Nadex hereby certifies that a copy of this amendment was posted on its website at the time of this filing.

Should you have any questions regarding the above, please do not hesitate to contact me by telephone at (312) 884-0927 or by email at jaime.walsh@nadex.com.

Sincerely,



Jaime Walsh
Legal Counsel

